

FEDERAL GRAIN, LIMITED

Fourth Annual Report of the Directors

YEAR ENDED 31st JULY, 1933

TO THE SHAREHOLDERS:

Your Directors submit herewith the Fourth Annual Report of the Company for the year ended July 31st, 1933, together with the Financial Statements certified by your Auditors, Messrs. George A Touche & Company.

Balance at the credit of Profit and Loss Account after writing off \$8,476.89 in respect of organization expenses, and providing \$6,478.40 applicable to Income Taxes for the Fiscal year 1931-32, amounted to \$739.70. This balance has been transferred to Surplus Account thereby increasing the balance in that Account to \$467,346.75.

Reduction in Country and Terminal storage charges, ordered by the Board of Grain Commissioners, adversely affected earnings. Following representations as to the inadequacy of the reduced rates, the former scale of charges was restored at the commencement of the movement of the 1933 crop.

Properties of the Company have been maintained in good repair. Additions and improvements were made where necessary. Depreciation of \$218,566.52 was provided.

Bond interest of \$235,530.00 was paid. As Interest was called for in United States funds the added cost to the Company, due to the existing premium was \$30,486.41. Bonds of a par value of \$133,500.00 were retired in accordance with Sinking Fund provisions. Sufficient Bonds are now held in the Company's Treasury to meet the Sinking Fund payment due December 1st next, at which date approximately Bonds of the par value of \$460,000.00 will have been retired. The difference between cost and par value of Bonds retired has been placed to the credit of Bond Redemption Reserve.

Due to increased grain prices and larger stocks carried in the Company's Country and Terminal elevators Bank Loans have increased to \$8,565,781.08. Your Company is fully protected in the carrying of this grain through sales for future delivery.

The 1933 crop is much below average with consequent reduced volume available for handling. In view of this situation expenses for the coming year will be reduced materially.

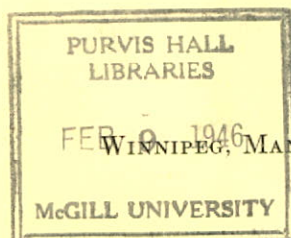
While Working Capital of the Company has slightly improved, the financial position and earnings do not warrant the resumption of payment of Preferred dividends, which are now outstanding since February 1st, 1931. These dividends are cumulative.

Your Directors desire to record their appreciation of the loyal and efficient services rendered to the Company by all Country Elevator Agents, Employees and Officers.

On behalf of the Board of Directors,

H. E. SELLERS,

President.



FEDERAL GRAIN

BALANCE SHEET AS AT 31st JULY 1933

ASSETS

CASH IN TRANSIT AND WITH PAYING AGENTS, ETC.....	\$ 50,130.28
MARGINS DEPOSITED WITH WINNIPEG GRAIN AND PRODUCE EXCHANGE CLEARING ASSOCIATION.....	140,000.00
ACCOUNTS RECEIVABLE:	
General Accounts.....	\$ 20,135.72
Terminal Accounts.....	5,341.07
Agents' Cottage Loans.....	9,153.43
Employees' Accounts.....	1,941.22
	36,571.44
ADVANCES SECURED BY GRAIN.....	104,441.28
STOCKS ON HAND, AS CERTIFIED BY RESPONSIBLE OFFICIALS:	
Grain, less Stored Grain.....	9,072,386.04
Coal.....	7,600.32
	9,079,986.36
ACCRUED EARNINGS.....	117,663.31
PREPAID EXPENSES.....	39,532.30
INVESTMENTS:	
Sundry Stocks and Bonds, as valued at 31st July, 1930, with subsequent additions at cost.....	141,371.98
Bonds of the Company purchased in anticipation of Sinking Fund —Par \$154,500.00—cost.....	119,915.00
MEMBERSHIPS, AT COST.....	85,400.00
PROPERTIES:	
Terminal and Country Elevators, Coal Sheds, Dwellings, Flour Sheds, Automobiles, Furniture and Miscellaneous Equipment, at cost.....	8,692,902.72
Less Reserve for Depreciation.....	854,866.25
	7,838,036.47
DEFERRED CHARGES:	
Organization Expenses, less proportion written off.....	42,384.42

Approved on behalf of the Board.

H. E. SELLERS, *Director.*

T. H. RATHJEN, *Director.*

\$17,795,432.84

To the Shareholders:
Federal Grain, Limited,
Winnipeg, Manitoba.

AUDITORS

We have examined the foregoing Balance Sheet of Federal Grain, Limited, at 31st July, 1933, with explanations we have required.

We further report that in our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct statement of the assets and liabilities of the Company, and as shown by the books of the Company.

Winnipeg, 9th September, 1933.

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T 31st JULY, 1933

LIABILITIES AND CAPITAL

BANK LOANS AND OVERDRAFTS, less Current Account balances (secured).....	\$ 8,565,781.08
SUNDRY CREDITORS.....	533,784.87
	<u>\$ 9,099,565.95</u>
FIRST MORTGAGE SINKING FUND GOLD BONDS:	
Authorized.....	<u>\$ 6,000,000.00</u>
Issued, Series A 6%, maturing 1st August 1949.....	\$ 4,250,000.00
Less Redeemed through Sinking Fund	324,500.00
	<u>3,925,500.00</u>
GENERAL MORTGAGE 6% DEBENTURES:	
Authorized.....	<u>\$ 1,000,000.00</u>
Issued to Banks as collateral, repayable on demand.....	<u>\$ 1,000,000.00</u>
BOND REDEMPTION RESERVE	53,020.14
CAPITAL:	
Authorized—	
40,000 6½% Cumulative Preference Shares of \$100.00 each,	
redeemable at the option of the Company.....	
160,000 Class A Common Shares of No Par Value.....	
40,000 Class B Common Shares of No Par Value.....	
Issued and fully paid—	
30,000 Preference Shares.....	\$ 3,000,000.00
200,000 Common Shares	
Amount apportioned as Capital.....	<u>\$ 1,250,000.00</u>
	<u>4,250,000.00</u>
SURPLUS:	
Brought forward at 31st July, 1932.....	\$466,607.05
Profit for the year, after deducting Bond Interest and Deprecia-	
tion.....	\$15,694.99
Less Income Taxes paid for 1931-2 and Organiza-	
tion Expenses written off.....	<u>\$14,955.29</u>
	<u>739.70</u>
Balance at this date, subject to Income Taxes.....	<u>\$ 467,346.75</u>
CONTINGENT LIABILITY:	
In respect of shares subscribed for by the Company and unpaid	<u>\$ 12,100.00</u>
Cumulative Preferred Dividends not paid since 1st February, 1931.	
	<u><u>\$17,795,432.84</u></u>

REPORT

the books and vouchers relating thereto, and we report that we have obtained all the information and ex-
and correct view of the state of the Company's affairs according to the best of our information and the

GEORGE A. TOUCHE & CO.,

Chartered Accountants,
Auditors.

Federal Grain, Limited

DIRECTORS

H. E. SELLERS, *President and Managing Director.*

A. THOMSON, *Vice-President.*

H. J. SYMINGTON

J. H. McDONALD

A. H. WILLIAMSON

J. R. MURRAY

W. A. ANDERSON

T. H. RATHJEN

F. E. TOPPER

Secretary E. W. NEVILLE

Treasurer: T. H. RATHJEN

Asst. Treasurer R. C. GAGE

Registrar - - - - THE ROYAL TRUST COMPANY, Toronto, Montreal and Winnipeg.

Transfer Agents - { THE MONTREAL TRUST COMPANY, Toronto and Montreal;
THE NORTHERN TRUSTS Co., Winnipeg.

Auditors - - - - GEORGE A. TOUCHE & COMPANY.

Solicitors - - - - HUDSON, ORMOND, SWIFT & MCLEOD